

HANG UP ON FRAUD

A mini-lesson for:

secondary school teachers
students
adult and community educators
consumers



OBJECTIVES

Learners will:

- ◆ describe characteristics of vulnerable consumers
- ◆ consider common types of scams
- ◆ discuss slamming and telemarketing fraud issues
- ◆ identify ways to avoid being a victim of fraud

Instructions for Teachers

1. Read the mini-lesson and prepare handouts.
2. Lead discussion using the Discussion Questions listed below.
3. Ask participants to fill out the Deceptive Quotations activity sheet.
4. Discuss issues identified by participants in the Activity Sheet.

Characteristics of Vulnerable Consumers

Consumer knowledge is the best protection against becoming a victim of deception and fraud. However, vulnerable consumers tend to have characteristics which may cause them to become targets of deceptive practices.

- ◆ **Misplace Their Trust.** Vulnerable consumers do not question honesty or ethics of the marketer. For example, they may pay someone who promises to recoup losses from an earlier scam.
- ◆ **Assume They Are Experts.** Vulnerable consumers do not seek information about a subject or "opportunity". They may not admit their lack of the necessary knowledge or skills.
- ◆ **Do Not Use Common Sense.** Vulnerable consumers let "getting something for nothing" overtake sound reasoning. They do not question what sounds too good to be true. They accept the deal rapidly for fear they might miss the opportunity.
- ◆ **Search for Good Health.** Vulnerable consumers let universal desire to be healthy overtake good judgment. They believe in false cures for a serious illness or chronic condition.
- ◆ **Believe Misleading Ads.** Vulnerable consumers assume publications accept advertisements from reputable sources only. They believe assume information in advertisements has been verified as true.
- ◆ **Seek Youth or Beauty.** Vulnerable consumers fall for appeals of promised beauty or youth. They are willing to believe what they are told.
- ◆ **Feel Intimidated.** Vulnerable consumers buy a product or service out of assumed obligation to the seller. They feel threatened when they question price or quality of goods or services.
- ◆ **Do Not Know or Use Their Legal Rights.** Vulnerable consumers do not seek legal counsel when needed. They often fail to report being swindled to law enforcement agencies.

Common Types of Scams

Scam artists run many different types of schemes. While they may vary, here are some basic scam formats.

- ◆ **"Free Prize" Scam.** The consumer is promised a free prize in exchange for purchasing or testing the merchandise.
- ◆ **Investment Scam.** The consumer is offered the opportunity to invest at a deep discount or earn an extremely high rate of return. The investment instruments frequently do not exist.
- ◆ **Business Opportunity Scam.** The consumer is offered the chance to make big money working at home or buying a franchise. Promised earnings may be inflated or fictitious.
- ◆ **Charity Scam.** The consumer is asked to contribute to a nonexistent charity or one in which most of the money actually goes directly to the fundraiser.

Characteristics of Deceptive Schemes

1. Sellers sometimes use misleading advertising to sell products or services or solicit donations without disclosing all terms.
2. Sellers make consumers think they are getting a good deal or something for "free."
3. Consumers buy overpriced goods or services to qualify for their "free" gift or prize.
4. Sellers use high pressure sales tactics or demand immediate action.
5. Sellers promise unrealistically high returns on investments or earnings from business opportunities.

Issue: Slamming

Definition: A long distance company switches a customer to its network without the customer's authorization or with misleading authorization forms. For example:

- ◆ You are at a street fair and sign up for a free prize drawing. In small print on the card, you also authorize switching of your long distance carrier.
- ◆ A telemarketer asks you to change to its network. After you tell the caller you do not want to change, they move you anyway.
- ◆ A company changes you to their network without speaking with you or you signing any authorization form.

Problem: Although carriers are required to switch customers back without charge, customers have to pay the charges for calls placed on the second company's network, sometimes at much higher rates than before. In the process, consumers are inconvenienced and denied their right to choose.

Action: If your long-distance company was switched without your permission, you have been slammed, and that's illegal. Here's how to avoid it:

- ◆ Get information in writing. Do not agree to switch companies over the phone.
- ◆ Make sure that your signature on a special promotion does not also authorize switching your long distance service.
- ◆ Instruct your local phone company to freeze your long-distance service to the carrier of your choice.
- ◆ Ask the company that slammed you to pay any switching fees charged by your local phone company.

Issue: Telemarketing Fraud

Facts to Know:

- ◆ Telephone swindles are often aimed at the elderly or immigrants.
- ◆ The National Fraud Information Center estimates the total cost of telemarketing fraud to consumers may be as high as \$40 billion annually.
- ◆ The North American Securities Association states that consumers lose \$1 million an hour to investment scams promoted over the telephone.
- ◆ Both honest and illegitimate telemarketing sellers use 800 and 900 numbers to market goods and services.
- ◆ According to the National Association of Attorneys General, telemarketing swindlers defraud about 100,000 Americans every week or 10 Americans every minute.
- ◆ The AT&T Consumer Rights Survey showed that about 25% of the respondents had been persuaded by potentially fraudulent telemarketing techniques.
- ◆ In that same survey, 18% said they had been subject of a major fraud, scam, or swindle.
- ◆ The National Consumers League estimates that at least 1 million of the consumers who were defrauded in the past year did not report it to authorities.
- ◆ If you call an 800 number and are then asked to call another long distance number or to receive a collect call to obtain more information, you will be charged for the second call.
- ◆ Thieves, using an electrical device, can eavesdrop on your cellular phone, steal your phone number, and use it to charge calls to the account.

See our Web Site on Telemarketing Fraud at
http://www.dfi.state.in.us/uccc/telemarketing_fraud.htm

Avoid Becoming a Victim

1. If it sounds too good to be true, it probably is.
2. Do not be pressured by salespeople into buying NOW.
3. Investigate before you invest.
4. Try to avoid purchasing goods or services from people, companies, or organizations you do not know, whether by phone, in person, or by mail.
5. Be skeptical about unsolicited phone calls, especially about investments. Say: "Sorry, I do not do business over the phone with people I do not know."
6. Ask the caller to send information about the company and verify it.
7. Do not pay for something that is supposedly "free."
8. Do not give your telephone calling card, credit card, or bank account numbers to strangers by telephone or mail unless you initiated the order for goods or services.
9. If you use a cellular phone, request a detailed billing of calls from your cellular carrier and use a Personal Identification Number (PIN).
10. Before contributing to charities you are unfamiliar with, check them out with your state charities regulator, such as the Attorney General's office.
11. Ask for information about the company, price information, and written estimates from door-to-door salespeople before doing business with them.
12. If you think you've been a victim, contact your local police or Better Business Bureau, your state attorney general, the FTC, the U.S. Postal Inspection Service, or the National Fraud Information Center.

Just Hang Up or Shut the Door

Hanging up is often the best action when you receive a call from anyone offering a fabulous deal over the telephone. Do not invite a door-to-door salesperson into your home if you do not want to hear a sales pitch. If you are approached by a telemarketer or door-to-door salesperson, ask yourself these questions:

- ◆ Does the seller want me to act quickly before I lose a good deal?
- ◆ Does the seller want my phone calling card, credit card, or bank account number?
- ◆ Does the seller offer to pick up my money right away?

- ◆ Does the seller promise little risk and large, short term profits?
- ◆ Does the seller want me to pay money in order to receive a free gift?

If your answer is "**yes**" to any of the questions, you may be dealing with a con-artist.

To report a scam or a fraud, Contact:

National Fraud Information Center (NFIC)

Consumer Assistance Service
(800) 876-7060

The NFIC provides:

- ◆ Accurate information on how and where to report fraud
- ◆ Direct complaint referral to the Federal Trade Commission's National Telemarketing Fraud Database
- ◆ Advice for consumers

DISCUSSION QUESTIONS AND TOPICS

1. Do you know anyone who has been the victim of a scam? If yes, describe the scam.
2. Who do you think is most likely to be a victim of a scam?
3. Why do people become victims of deceptive practices?
4. What advice would you give people to help them avoid being victims?
5. Have you ever received an envelope in the mail marked "You are a winner," or a phone call saying, "Congratulations! You have just won a valuable prize"?
6. If yes, did you receive a prize of any value, or was the letter or phone call merely a way to convince you to send money or buy something?
7. If you were a victim of a scam, would you tell a family member or local authorities? Why or why not?
8. What group provides a direct complaint referral to the Federal Trade Commission's National Telemarketing Fraud database?

ACTIVITY

WHY PEOPLE BECOME VICTIMS

Using the examples below and other information, indicate why people might become victims of the deceptive practices illustrated in the left boxes. Examples of reasons why people become victims include:

- ◆ Want something for nothing
- ◆ Do not seek information
- ◆ Do not use common sense
- ◆ Assume they are obligated to seller
- ◆ Search for good health
- ◆ Seek youth or beauty
- ◆ Misplace trust in strangers
- ◆ Assume ads are correct
- ◆ Act too quickly
- ◆ Believe in false cures

Deceptive Quotations

Why People Become Victims

"Believe me, I know it will cure your diabetes because it has worked for thousands of others. "

Example: Believe in false cures

"Give me your phone card number and I'll authorize 1 hour of free calling."

"Don't waste your time reading it. No one can understand all that legal stuff, anyway."

"Call 809-555-5555 for your free personalized horoscope."

"Miracle Skin Cream can be yours for only \$100 for a \$750 value. What's your credit card number"?

Give students a copy of our **Brochures**.

Sources of Additional Information

Free Materials:

Be Aware of Phone Fraud. 1995. AT&T.; 800-851-0439.

Federal Trade Commission brochures, available from Public Reference, FTC, Washington, D.C. 20580; (202) 326-2222.

- 800 and International Telephone Number Scams. #FO30572 (1994)
- Telemarketing Recovery Room Scams. (1995)
- Telemarketing: Reloading and Double-Scamming Frauds. #F030457 (1994)
- Telemarketing Travel Fraud. #F008678 (1994)
- Telephone Scams and Older Consumers.

Fraud Resource List. 1995. National Institute for Consumer Education. (313) 487-2292.

Swindlers Are Calling. 1990. National Futures Association. 800-621-3570.

Too Good to Be True. A Consumer Guide to Fraud. 1993. Consumer Information Center, Pueblo, CO 81009.

Other Resources:

Dial S-W-I-N-D-L-E, Bekey, Michele, Modern Maturity pages 31-40, (April-May 1991).

Beware of Postcard Telemarketing Scams, Consumer Research Magazine pages 22-24, (January 1993).

How Phone Frauds Script a Scam, Blake, Kevin, Consumer Research Magazine pages 10-14, (March 1995).

Ripoffs and Frauds, How to Avoid and How to Get Away, Garman, E. Thomas, Houston, TX: Dame Publications, Inc.

How To Combat Telephone Fraud, Consumer Research Magazine pages 31, (September 1991).

If the Hair is Gray, Con Artists See Green, New York Times, Money and Business Section, (May 21 1995).

Internet

The following resources provide information on fraud and list the current scams on the Internet.

Indiana Department of Financial Institutions other Web Sites on Fraud at <http://www.dfi.state.in.us/conscredit/CIfraud.htm>

Better Business Bureau at <http://www.bbbonline.org>

Consumer World at <http://www.consumerworld.org>

National Fraud Information Center at <http://www.fraud.org>
Telephone: 1-800-876-7060

Securities and Exchange Commission at <http://www.sec.gov/consumer/cyberfr.htm>

Webmaster at <http://www.consumer.com>

Characteristics of Vulnerable Consumers

Consumer knowledge is the best protection against becoming a victim of deception and fraud. However, vulnerable consumers tend to have characteristics which may cause them to become targets of deceptive practices.

Misplace Their Trust... Vulnerable consumers do not question honesty or ethics of the marketer. For example, they may pay someone who promises to recoup losses from an earlier scam.

Assume They Are Experts... Vulnerable consumers do not seek information about a subject or "opportunity." They may not admit their lack of the necessary knowledge or skills.

Do Not Use Common Sense... Vulnerable consumers let "getting something for nothing" overtake sound reasoning. They do not question what sounds too good to be true. They accept the deal rapidly for fear they might miss the opportunity.

Search for Good Health... Vulnerable consumers let universal desire to be healthy overtake good judgment. They believe in false cures for a serious illness or chronic condition.

Believe Misleading Ads... Vulnerable consumers assume publications accept advertisements from reputable sources only. They assume information in advertisements has been verified as true.

Seek Youth or Beauty... Vulnerable consumers fall for appeals of promised beauty or youth. They are willing to believe what they are told.

Feel Intimidated... Vulnerable consumers buy a product or service out of assumed obligation to the seller. They feel threatened when they question price or quality of goods or services.

Do Not Know or Use Their Legal Rights... Vulnerable consumers do not seek legal counsel when needed. They often fail to report being swindled to law enforcement agencies.

COMMON TYPES OF SCAMS

Scam artists run many different types of schemes. While they may vary, here are some basic scam formats.

"Free Prize" Scam... The consumer is promised a free prize in exchange for purchasing or testing the merchandise.

Investment Scam... The consumer is offered the opportunity to invest at a deep discount or earn an extremely high rate of return. The investment instruments frequently do not exist.

Business Opportunity Scam... The consumer is offered the chance to make big money working at home or buying a franchise. Promised earnings may be inflated or fictitious.

Charity Scam... The consumer is asked to contribute to a nonexistent charity or one in which most of the money actually goes directly to the fundraiser.

CHARACTERISTICS OF DECEPTIVE SCHEMES

- ◆ Sellers sometimes use misleading advertising to sell products or services or solicit donations without disclosing all terms.
- ◆ Sellers make consumers think they are getting a good deal or something for "free."
- ◆ Consumers buy overpriced goods or services to qualify for their "free" gift or prize.
- ◆ Sellers use high pressure sales tactics or demand immediate action.
- ◆ Sellers promise unrealistically high returns on investments or earnings from business opportunities.

ISSUE: SLAMMING

Definition... A long distance company switches a customer to its network without the customer's authorization or with misleading authorization forms. For example:

You are at a street fair and sign up for a free prize drawing. In small print on the card, you also authorize switching of your long distance carrier.

A telemarketer asks you to change to its network. After you tell the caller you do not want to change, they move you anyway.

A company changes you to their network without speaking with you or you signing any authorization form.

Problem... Although carriers are required to switch customers back without charge, customers have to pay the charges for calls placed on the second company's network, sometimes at much higher rates than before. In the process, consumers are inconvenienced and denied their right to choose.

Action... If your long-distance company was switched without your permission, you have been slammed, and that's illegal. Here's how to avoid it:

Get information in writing. Do not agree to switch companies over the phone.

Make sure that your signature on a special promotion does not also authorize switching your long distance service.

Instruct your local phone company to freeze your long-distance service to the carrier of your choice.

Ask the company that slammed you to pay any switching fees charged by your local phone company.

ISSUE: TELEMARKETING FRAUD

Facts to Know:

Telephone swindles are often aimed at the elderly or immigrants.

The National Fraud Information Center estimates the total cost of telemarketing fraud to consumers may be as high as \$40 billion annually.

The North American Securities Association states that consumers lose \$1 million an hour to investment scams promoted over the telephone.

Both honest and illegitimate telemarketing sellers use 800 and 900 numbers to market goods and services.

According to the National Association of Attorneys General, telemarketing swindlers defraud about 100,000 Americans every week or 10 Americans every minute.

An AT&T Consumer Rights Survey showed that about 25% of the respondents had been persuaded by potentially fraudulent telemarketing techniques. In that same survey, 18% said they had been subject of a major fraud, scam, or swindle.

The National Consumer League estimates that at least 1 million of the consumers who were defrauded in the past year did not report it to authorities.

If you call an 800 number and are then asked to call another long distance number or to receive a collect call to obtain more information, you will be charged for the second call.

Thieves, using an electrical device, can eavesdrop on your cellular phone, steal your phone number, and use it to charge calls to the account.

AVOID BECOMING A VICTIM

- ◆ If it sounds too good to be true, it probably is.
- ◆ Do not be pressured by salespeople into buying NOW.
- ◆ Investigate before you invest.
- ◆ Try to avoid purchasing goods or services from people, companies, or organizations you do not know, whether by phone, in person, or by mail.
- ◆ Be skeptical about unsolicited phone calls, especially about investments. Say: "Sorry, I do not do business over the phone with people I do not know."

- ◆ Ask the caller to send information about the company and verify it.
- ◆ Do not pay for something that is supposedly "free."
- ◆ Do not give your telephone calling card, credit card, or bank account numbers to strangers by telephone or mail unless you initiated the order for goods or services.
- ◆ If you use a cellular phone, request a detailed billing of calls from your cellular carrier and use a Personal Identification Number (PIN).
- ◆ Before contributing to charities you are unfamiliar with, check them out with your state charities regulator, such as the Attorney General's office.

Ask for information about the company, price information, and written estimates from door-to-door salespeople before doing business with them.

If you think you've been a victim, contact your local police or Better Business Bureau, your state attorney general, the FTC, the U.S. Postal Inspection Service, or the National Fraud Information Center.

JUST HANG UP OR SHUT THE DOOR

Hanging up is often the best action when you receive a call from anyone offering a fabulous deal over the telephone. Do not invite a door-to-door salesperson into your home if you do not want to hear a sales pitch. If you are approached by a telemarketer or door-to-door salesperson, ask yourself these questions:

- ◆ Does the seller want me to act quickly before I lose a good deal?
- ◆ Does the seller want my phone calling card, credit card, or bank account number?
- ◆ Does the seller offer to pick up my money right away?
- ◆ Does the seller promise little risk and large, short term profits?
- ◆ Does the seller want me to pay money in order to receive a free gift?

If your answer is "yes" to any of the questions, you may be dealing with a con-artist.

To report a scam or a fraud, Contact...

National Fraud Information Center (NFIC)
Consumer Assistance Service
(800) 876-7060 Their Web address is <http://www.fraud.org>

The NFIC provides... Accurate information on how and where to report fraud.

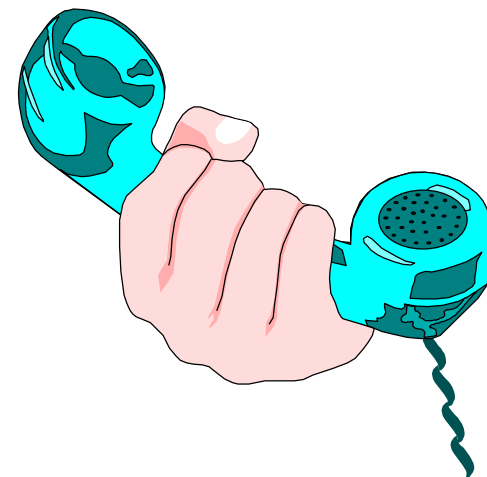
The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
Credit and Older Consumers
Deep in Debt?
Equal Credit Opportunity
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



HANG UP ON FRAUD



DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division
402 West Washington Street, Room W066
Indianapolis, Indiana 46204
317-232-3955
1-800-382-4880
Web Site <http://www.dfi.state.in.us>



FAST FACTS

- ◆ Consumers lose an estimated \$40 billion a year to telemarketing fraud.
- ◆ Senior citizens often are the target of telephone scams; the FBI estimates that as many as 80 percent of the victims are older people.
- ◆ The Telemarketing Sales Rule is enforced by the Federal Trade Commission, State Attorneys General, and in some instances, private citizens. The Rule empowers consumers to stop unwanted telemarketing calls and for the first time gives specific ways to tell legitimate companies from telephone crooks.

THE SCAMS

According to the National Fraud Information Center, a project of the National Consumers League, the top fraud complaints are:

Sweepstakes / contests. To enter sweepstakes or contests, no purchase is necessary; however, the offers lead you to believe that you have a better chance to win if you purchase their products. If you want to enter their sweepstakes or contest, go ahead but don't make unwanted purchases to do so.

Magazines / publication offers. You are offered all kinds of "merchandise" to order different magazines and when you order them, the "merchandise" you receive is worthless.

Work-at-home schemes. Beware of the promise of hundreds of dollars for addressing mail, etc. You are usually required to purchase costly supplies and do not make the promised income.

Investments schemes. Investment scams are characterized by representations of high earnings with little risk. They capitalize on consumers' financial needs, naivete, and optimism. These scams are most common in economically depressed areas. The type of investment varies from gems and rare coins to FCC licenses and oil and gas leases. What consumers should remember is that the level of risk is usually proportional to the size of the return. Therefore, high earnings with little or no risk is false and misleading. Before you do business with a company, check it out with the Better Business Bureau.

Advance fee loans / credit offers. Most credit scams and specifically, advance-fee scams, "guarantee" or represent a "high likelihood of success" that the caller will be able to get or arrange a loan or other form of credit for a consumer, regardless of the consumer's credit history. These scams differ from legitimate, guaranteed offers of credit in one critical way: they require payments up front, before the lender is identified and the application is completed. Companies that do business by phone can't ask you to pay for credit before you get it.

Phony prize scams. Consumers are told they have won a valuable prize, but that they must buy expensive merchandise or pay hundreds of dollars in handling fees or taxes to receive the prize.

Overseas pager scams. Consumers return a pager message at a telephone number with an unfamiliar area code, unaware that they are calling a foreign number connected to high-priced phone services that provide useless information or adult-oriented material.

Credit repair. Companies promise, for a fee, to clean up a credit report so a consumer can get a car loan, a home mortgage, or even a job. The truth is that they can't deliver. No one can legally remove accurate and timely negative information from a credit report.

Employment service scams. Consumers are generally promised jobs that pay well yet demand few skills or little training. Legitimate job placement firms that work to fill specific positions cannot charge an upfront fee.

Fraudulent real estate deals. These scams take generally two forms: fraudulent brokers who represent that they can sell consumers' property for a high return and fraudulent sellers who want to sell bogus property to unsuspecting consumers. Fraudulent brokers misrepresent the market and the size of their lists of sales agents and potential buyers for the property. They have upfront "listing" or "brokerage" fees. You should never pay any fees until property is sold and don't buy property based on pictures or representations.

Fraudulent scholarship services. Some scholarship search services misrepresent their services, guaranteeing that they can obtain scholarships or actually award scholarships to students for an advance fee. Usually all the consumer receives is a list of scholarships or grants for which they can apply. Other fraudulent companies provide nothing for the student's advance fee.

Travel and vacation scams. These scams usually are characterized by free or exclusive offers or unrealistically low prices. Often these scams are linked to prize promotions or sweepstakes offers. They fail to disclose that certain fees, conditions, and restrictions apply and they misrepresent the nature or quality of the travel and hotel accommodations. You might have to spend one of the two free days in Florida attending a timeshare presentation or else pay for your hotel. A cruise to the Bahamas may turn out to be a short "ferry" ride. Consumers routinely lose hundreds of dollars in these scams.

Recovery room operators contacting people who have lost money to a previous telemarketing scam and promising that they will recover lost money or the product or prize you never received in exchange for a fee or donation to a specified charity.

HOW NOT TO FALL FOR TELEMARKETING FRAUD

- ◆ Don't buy from an unfamiliar company.
- ◆ Ask for - and wait until you receive - written information about the offer.
- ◆ Check out unfamiliar companies or suspicious offers with officials.
- ◆ Don't be pressured into a decision.
- ◆ Above all - don't give out your credit card or checking account number.
- ◆ If it sounds too good to be true, it probably isn't true.

HANG UP ON TELEMARKETING FRAUD

Consumer advocates have urged potential fraud victims to "just hang up" when telephone marketers offer "too good to be true" luxury prizes and surefire "double your money" investments, etc. While many legitimate telephone markets operate in this country, consumers need to know that they don't need to be taken in by slick con men. People who use illegal telemarketing tactics to dupe consumers out of their money are not salesmen or saleswomen, they are crooks and criminals. They do with sweet-sounding sincerity on the telephone what muggers do in person: they steal your money.

HIGHLIGHTS OF THE TELEMARKETING SALES RULE

It is illegal for a company's telemarketer to call you if you have asked that company not to call you.

Calling times are restricted to the hours between 8 a.m. and 9 p.m.

Telemarketers must tell you it's a sales call, the name of the seller, and what they are selling before they make their sales pitch. If they are promoting a prize, they must tell you that no purchase or payment is necessary to enter or win. If they ask you to pay for a prize, hang up. Free is free.

It's illegal for telemarketers to misrepresent any information, including facts about their goods or services, earnings potential, profitability, risk or liquidity of an investment, or the nature of a prize in a prize-promotion scheme.

Telemarketers must tell you the total cost of the products or services offered and any restrictions on getting or using them - or that a sale is final or non-refundable - before you pay. In a prize promotion, they must tell you the odds of winning, that no purchase or payment is necessary to win, and any restrictions or conditions of receiving the prize.

It's illegal for a telemarketer to withdraw money from your checking account without your express, verifiable authorization.

Telemarketers cannot lie to get you to pay, regardless of the method of payment you choose.

You do not have to pay in advance for credit repair, recovery room, or advance-fee loan/credit services until you receive the services.

Violators of Telemarketing Sales Rule face up to \$10,000 in fines for each violation.

State Attorneys General as well as the Federal Trade Commission and in some cases individual consumers, can bring an action against alleged offenders.

To report a scam or a fraud, Contact:

National Fraud Information Center (NFIC)
Consumer Assistance Service
(800) 876-7060 Their Web address is <http://www.fraud.org>

The NFIC provides:

- ▶ Accurate information on how and where to report fraud.
- ▶ Direct complaint referrals to the Federal Trade Commission's National Telemarketing Fraud Database.
- ▶ Advice for consumers

The Federal Trade Commission (FTC) is making it easier and cheaper for consumers to report a fraud to the law enforcement agency through a toll-free Consumer Help Line, 1-877-FTC-HELP (1-877-382-4357). The line is staffed by counselors from 9 a.m. to 8 p.m., Eastern Time, Monday through Friday. Through the toll-free Help Line, consumers can get helpful information on the spot. The FTC can't intervene in individual disputes, but consumer complaint information is crucial to the enforcement of consumer protection laws. The FTC web site is <http://www.ftc.gov> or for the online complaint form, or you can write to FTC, Consumer Response Center, Washington DC 20580-0001.

The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available.

Call our toll-free number or write to the address on the cover for information on the brochures or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



TELEMARKETING FRAUD



DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division
402 West Washington Street, Room W066
Indianapolis, Indiana 46204
317-232-3955
1-800-382-4880
Web Site <http://www.dfi.state.in.us>

